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LETTER TO COMMISSION

CLERK'S OFFICE

TO: Mayor Matti Herrera-Bower and Members of the City Commission

FROM: Jimmy L. Morales, City Manager

DATE: September 10, 2013

SUBJECT: **FY2012 WATER AND SEWER BUDGET BREAKDOWN**

The purpose of this Letter to Commission (LTC) is to provide the Mayor and Members of the City Committee a breakdown of the 2012 Water and Sewer Budget, further clarifying New Business Item 2e, "Proposed Water, Sewer and Stormwater Rates" of the August 22, 2013 agenda of the Finance and Citywide Projects Committee.

The Miami-Dade Water and Sewer Department (WASD) has proposed a sewer rate increase to all wholesale customers of \$.2995 per 1000 gallons effective October 1, 2013. The last increase to the City of Miami Beach customers for water and sewer rates was effective for billings on or after October 1, 2009.

On August 22, 2013, the Finance and Citywide Projects Committee recommended passing through the proposed increase from Miami Dade Water and Sewer Department which will increase the average customer billing by about \$3.29 for those using approximately 11,000 gallons per month. During the budget meeting, clarification was requested as to the seemingly high overhead costs of the water and sewer utilities.

Since this fiscal year has not closed, an evaluation of the actual expenditures for FY2012 has been completed and presented in the attachments. Each fund is broken down by major categories which comprise the budget. The largest components of each budget are the costs paid to the County which include the cost of service and a 7.5 percent water and sewer revenue fee paid to DERM followed by the debt service for the City bonds issued for capital expenditures.

With regards to the Water Budget, salaries and benefits accounted for approximately 13 percent, operating expenses 5 percent, and capital expenses 1 percent. The remaining 16 percent of the budget was apportioned to the general fund and asset depreciation.

As for the Sewer Budget, salaries and benefits accounted for approximately 7 percent, operating expenses 7 percent, and capital expenses less than 1 percent. The remaining 17 percent of the budget was apportioned to the general fund and asset depreciation.

If you have any questions or need additional information, please feel free to contact me.


JLM/MT/EJC/JJF/FRS

WATER AND SEWER ACTUAL 2012 EXPENDITURE BREAKDOWN

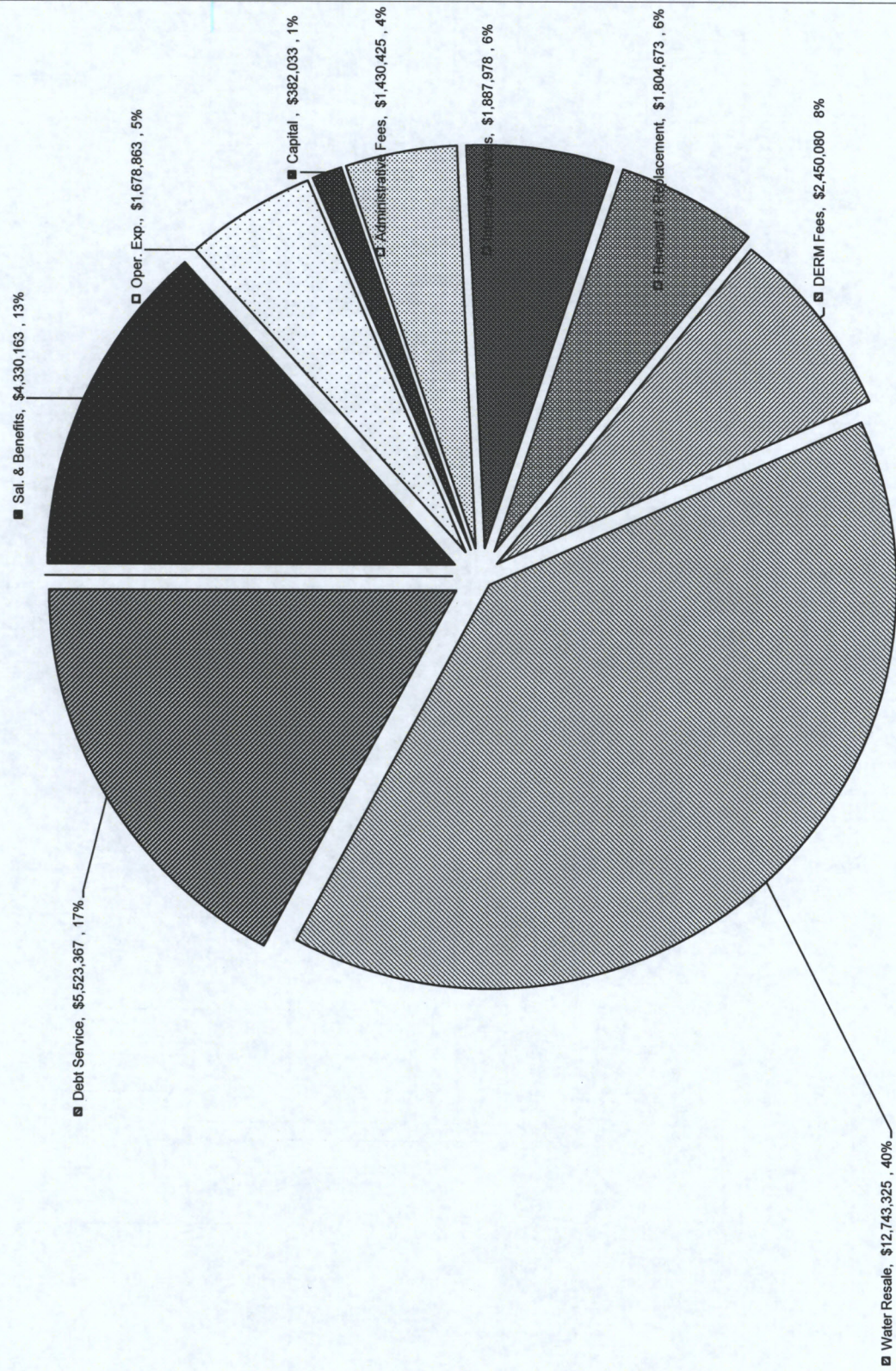
Water Budget 2012 - Actuals

Water Resale	13,612,289	Cost of water purchased from Dade County
WASD True Up	(868,964)	The City's proportional share of the County's adopted vs. actual cost of service
Debt Service	5,523,367	Repayment of water bonds and associated cost(s) of borrowing
DERM Fees	2,450,080	7.5% of the previous year (2011) water revenue
Internal Services	1,887,978	Portion of the Internal Service budgets attributed to the water enterprise fund
Renewal & Replacement	1,804,673	Depreciation of the assets to fund future capital replacements
Administrative Fees	1,430,425	Assignment of budgeted amount to reimburse the general fund for support services
Oper. Exp.	1,678,863	Supplies and services to operate and maintain the water infrastructure
Sal. & Benefits	4,330,163	Salaries, overtime, allowances, pension, health insurance and OPEB contributions
Capital	<u>382,033</u>	Capital items such as vehicles, equipment, meters, hydrants, etc.
	32,230,907	

Sewer Budget 2012 - Actuals

Sewer Treatment	13,725,582	Cost for the treatment of sewer flows by Dade County
WASD True Up	1,201,806	The City's proportional share of the County's adopted vs. actual cost of service
Debt Service	5,702,944	Repayment of sewer bonds and associated cost(s) of borrowing
DERM Fees	2,402,369	7.5% of the previous year (2011) sewer revenue
Internal Services	2,198,011	Portion of the Internal Service budgets attributed to the sewer enterprise fund
Renewal & Replacement	2,062,606	Depreciation of the assets to fund future capital replacements
Administrative Fees	1,464,554	Assignment of budgeted amount to reimburse the general fund for support services
Oper. Exp.	2,357,103	Supplies and services to operate and maintain the water infrastructure
Sal. & Benefits	2,462,433	Salaries, overtime, allowances, pension, health insurance and OPEB contributions
Capital	<u>161,136</u>	Capital items such as vehicles, equipment, pumps, etc.
	33,738,544	

Water Budget 2012 - Actuals



Sewer Budget 2012 - Actuals

